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CENTRAL INTELLIGENCE AGENCY  
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MEMORANDUM

THE ITALIAN GOVERNMENT CRISIS:  
A TENTATIVE PROGNOSIS

Introduction

The Communist Party's break with the Andreotti government shifts the emphasis in Italian politics back toward confrontation, breaking a long trend that saw the Communists inching steadily toward a fuller and more overt role in the governing process. None of the parties faces an easy choice in the complex negotiating process now underway. [The Communists feel they must take a tougher line toward Andreotti and his fellow Christian Democrats, yet they will not want to jeopardize their hard-won reputation as a responsible and constructive political force. The Christian Democrats, troubled as always by their own internal factional problems; seem more willing now than in the past couple of years to confront the Communists, but they cannot be sure they would be net gainers if the Communists went back into full-fledged opposition. The Socialist Party, whose actions were instrumental in starting the process that led to the present crisis, now face the possibility of early elections in which their future is not at all certain.]

Because no party's options are clear--and also because decisions in each case will be heavily contingent on the actions of others--all the participants are likely to move very cautiously, and it is impossible to

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predict in any detail how the crisis will develop. Certain broad trends can be discerned, however. First, it seems likely that relations between the Christian Democrats and Communists will grow more tense in the next few weeks, with increased possibilities for miscalculation by both parties. Second, if this is so, a round of parliamentary elections will be very difficult to avoid. Third, whether or not elections are held, the central fact in Italian political life is unlikely to change: that it is all but impossible to set up a stable government, much less an effective one, unless Italy's two biggest parties can find a way to cooperate. And fourth, events of the last year have made the Communists much more reluctant to cooperate without some guarantee of an expanded role in the governing process.

#### Communist Aims

The Communist move does not so far signal a basic shift in the party's strategy, which continues to revolve around Enrico Berlinguer's 1973 call for an "historic compromise"--a broadly-based government centering on cooperation between his party and the Christian Democrats. (While there has been a fierce debate in the Communist Party recently over relations with the Christian Democrats, the debate has reflected differences over the modalities and timing of Berlinguer's tactics for moving toward his objective rather than disagreement with it. This is not to say the "historic compromise" is a popular idea in the party; but uncomfortable though many Communists may be with the "historic compromise," none seems able to formulate a workable alternative.)

(At the same time, there is clearly wide agreement in the party that the cooperative tactics followed since the 1976 election--when the Communists' 34.4 percent brought them to within four points of the Christian Democrats--have begun to backfire.) For a time it appeared as though the party was on a clear trajectory toward cabinet status, but in recent months it has experienced a succession of troubles--declining membership, local election losses, strained relations with its labor base, an apparent loss of support among moderates who thought their votes for the Communists would produce more effective government, and growing criticism from the Christian Democrats and smaller parties, who have moved quickly to exploit the Communists' vulnerability.

Communist leaders generally agree that the way to reverse these trends is a stiffer attitude toward the Christian Democrats. But how much stiffer? There is bound to be sharp debate in the party whether it should follow a "soft" or "hard" opposition policy while the present

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crisis is sorted out. Those who favor a tough stance will assert that the party's current problems can be traced to the flexible line it has followed since mid-1973, when the Communists announced a "new and different"--and by implication, more constructive--opposition. To a degree, this argument is likely to strike a responsive chord with Berlinguer, because his essential problems are how to impress the Christian Democrats with his seriousness and how to prod an unambiguous response from them. Since 1976, the Christian Democrats have skillfully used their traditional tactics--stalling for time when under attack, weaving elaborate but vague compromises on controversial issues--to draw Berlinguer into a relationship that he now seems convinced is destroying his party's identity. [ ]

On the other hand, how rough can Berlinguer play without damaging his statesmanlike image? He cannot afford to foreclose the possibility of a negotiated settlement in the present crisis. Nor in the event of new elections will he want to risk running on a platform that suggests irresponsibility. [ ]

These considerations suggest Berlinguer will follow a selective opposition policy, opposing the government when he detects widespread discontent but moving more cautiously otherwise. Communist gains as an opposition party in every postwar parliamentary election testify to the party's skill at choosing and exploiting controversial issues. And the progressive broadening of the party's constituency (its socio-economic profile now nearly parallels the Christian Democrats') indicates that the Communists can follow this strategy without necessarily alienating a particular group of voters. [ ]

Meanwhile, Berlinguer will probably try to deflect criticism by citing the Christian Democrats' reluctance to take certain actions, such as trimming their use of government programs for patronage purposes--a major factor behind the soaring public sector deficit. He would also argue that certain Communist policies--such as opposing immediate Italian entry into the European Monetary System--are shared by some respected figures outside the party. In short, Berlinguer has plenty of rhetorical ammunition to use against those who might accuse him of demagoguery. [ ]

An early test of Communist intentions may come during negotiations just getting underway on key labor contracts involving about a third of Italy's industrial work force. Although the Communists do not control labor, they remain the most influential party in the movement. And indications are that Communist labor leaders--the principal advocates of moderation during the last two years--are beginning to take a tougher line. The metalworkers--Italy's bellwether union--will begin talks this

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month. The metalworkers' bargaining platform exceeds government guidelines, which call for keeping real wages constant in 1979. Given Berlinguer's imperatives, it is difficult to imagine Communist union leaders taking the government's side in these negotiations. [ ]

If the metalworkers achieve their wage demands and the agreement proves to be trendsetting, chances of preventing a rise in the cost of labor this year will be slim. Failure to curb labor costs--which have increased at a faster rate in Italy during the 1970s than in any other industrialized country--would seriously jeopardize the government's three year economic plan, which aims to restore balanced growth by cutting labor costs and trimming the public sector debt, expected to total \$40 billion for 1978. [ ]

#### Berlinguer's Socialist Card

Berlinguer has another overriding goal. Not only must he prove to his followers and to Italians as a whole that his party is a mettlesome rival for the Christian Democrats; he must also prove that the Christian Democrats cannot govern Italy unless they deal politically with the Communists. Given the parliamentary arithmetic and the conventions of Italian political life, this means in effect proving that the Christian Democrats cannot look to the Socialist Party as an alternative governing partner. [ ]

During the last year, Socialist chief Craxi has managed a skillful balancing act that seemed to give his party new vitality. He attacked the Communists on ideological grounds, hinting that his party might ultimately renew the alliance it had with the Christian Democrats in the 1960s and early 1970s. This encouraged many Christian Democrats to look again for common ground with the Socialists and to try undoing some of the legislative agreements Andreotti had made with Berlinguer. At the same time, Craxi sought to hold his divided party together and to attract new support by stressing Socialist "autonomy" from both the Christian Democrats and Communists. [ ]

But "autonomy" made sense as a Socialist policy only so long as the party did not have to choose between Berlinguer and the Christian Democrats--an agony spared the Socialists by the inclusion of all three parties in Andreotti's parliamentary majority. Now that the Christian Democrats and Communists are on opposite sides of the aisle, Craxi will find it much harder to avoid following either one or the other. It is precisely that kind of choice that has kept the Socialist Party sharply divided throughout the postwar period and made it an unstable and

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unreliable ally for the Christian Democrats. By pulling out of the governing majority, Berlinguer clearly intends to undercut Craxi and to sharpen the Socialist Party's traditional dilemma: whether to join the government and risk losing support to a Communist Party sniping from the sidelines, or to side with the Communist Party and risk getting lost in its shadow. ] [ ]

The fascination of most observers with the Communist Party's internal problems has tended to obscure those of the Socialists'--equally important in view of the pivotal role they would inevitably play in any coalition excluding the Communists. At the grass roots and among the Socialists' intellectuals and influential left wing, there is a residual antipathy to cooperation with the Christian Democrats, a course which they feel has damaged the party in the past, morally and materially. (Many of these Socialists still want to work for an eventual leftist government with the Communists, even though the Communists repeatedly and firmly exclude this option.) ] [ ]

And there is an inherent tension in the factional alliance Craxi has put together at the top of the party. While Craxi personally leans toward the Christian Democrats, his control of the party rests on a deal with a left-wing faction whose members tend to view the Communists as natural allies and the Christian Democrats as natural enemies. (If there is any issue that could cause turbulence in Craxi's majority it is the question of a new center-left coalition.) ] [ ]

(Craxi managed to tighten his grip on the party leadership at the Socialist congress last April, but he had hoped to have more time to work at resolving the party's internal differences. He has apparently not made much progress, however, which explains why some Communists refer to Berlinguer's move as "playing the Socialist card.") ] [ ]

#### The Christian Democrats and Elections

The Christian Democrats too face difficult choices. As recently as last August, there were two clear tendencies in the party's hierarchy: one leaning toward continued cooperation with Berlinguer and the other doubting the Communist's democratic conversion and stressing that Christian Democratic interests will always be antithetical to the Communists'. ] [ ]

The latter group appears to have gained the upper hand in recent months and that has contributed to the impression that the Christian Democrats are united in wanting to reverse the trend toward rapprochement with the Communists. (But Andreotti for one does not seem to be in that

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camp; reliable reports on his recent discussions with the Communists indicate a willingness on his part to work out a new agreement with them.

That sentiment is undoubtedly shared by other Christian Democrats and whether it grows will depend largely on the party's assessment of its options--which will depend in turn on how flexible the Communists are but, more importantly, on how the Socialists react to the tremendous pressures the crisis will train on them. If the Socialists shy away, as they probably will, from involvement in a government excluding the Communists, the Christian Democrats will have to choose between renewing ties with Berlinguer or calling a new election.

At this point, an election looks like a risky proposition for all of the parties--for the Communists because even a small loss would be a psychological blow, for the Socialists because losing votes or gaining only a few would leave them caught between the two giants, and for the Christian Democrats because the balloting would probably not solve anything. Although it is too soon to assess the outcome with any precision, most early predictions have the Communist vote falling by a few points but probably not below 30 percent. The Christian Democrats are generally expected to stay the same or gain slightly, but remain around 40 percent. Estimates on the Socialists vary. No one says they would score large gains, although some observers say they would hold their own--9.6 percent in 1976--or gain slightly. But the prevailing view--shared by the Socialists themselves--is that they would run the risk of a sharp setback. This possibility would grow if the election was preceded by a protracted squabble between the Christian Democrats and Communists, since an acrimonious campaign of this sort would tend to polarize the electorate and further blur the Socialists' image.\*

*\*There is a widespread assumption that the Socialists' prospects would improve if an Italian election was held concurrent with or following the direct elections to the EC's European Parliament, slated for June. This assumption--which rests on the theory that the Socialists would benefit from association with their more successful northern cousins--needs to be examined critically. Italian voters in general tend to be parochial, and there is no evidence that they attach positive qualities to their parties on the basis of a foreign party's favorable image. Moreover, the Socialists are in no position to monopolize European issues; the Italian Communist delegation has been more prominent than the Socialists' in the existing European Parliament, and Italy's foremost European federalist, former EC commissioner Altiero Spinelli, was elected to the Italian parliament in 1976 as an independent on the Communist Party's list.*

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Unless a new election featured a sharp Communist drop--below 30 percent--and a Socialist jump to, say 14 or 15 percent, it would not alter the political equation appreciably. (And even that kind of outcome would not solve the Socialists' central political problem: how to profit from government membership if the Communists are left in the opposition, free to influence but also to attack the government. So the Socialists would probably still want some guarantee of Communist legislative support in order to help override conservative Christian Democrats, whose defection in the past on key parliamentary votes often shot down legislation deemed necessary by the Socialists in order to justify government membership to their leftist supporters.) [redacted]

Thus, any governing formula that would break the current impasse without holding a possibly futile election probably would have to meet at least three conditions:

- The Christian Democrats would have to be able to claim they had kept the Communists out of the cabinet;
- The Communists, however, would have to be able to say--unequivocally--that they had made substantial progress toward direct participation in the government;
- The Socialists would have to emerge on an equal footing with the Communists, neither more nor less responsible for controversial government decisions. [redacted]

(One step in this direction is the formula the Socialists and Social Democrats are currently pushing, under which a Christian Democratic government would include among its ministers a number of "technicians" chosen for their acceptability to the other parties, including the Communists. Such a government would be supported in parliament by the same five parties that backed Andreotti.) [redacted]

[redacted] Berlinguer [redacted] does not view that idea as an adequate response to his demands for greater involvement in the governing process. Still, he would have to think twice about such an offer, although he would almost certainly need something else before he could accept it. In particular, he would probably insist that the Christian Democrats agree in advance and in writing to formal, institutionalized procedures for taking Communist views into account in most aspects of government policymaking--and in at least some phases of its implementation. The Communists apparently thought they had such an understanding--a sort of "gentleman's agreement"--with the late Christian Democratic leader Aldo Moro, when they agreed last March to support the government.

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The essence of their complaint now is that the Christian Democrats reneged on that agreement following Moro's murder by Red Brigades terrorists last May. [redacted]

(However, achieving such a solution would be extremely difficult for many reasons, not the least of which is Moro's absence. When the Red Brigades killed him, they removed the one Christian Democrat who might have been both willing and able to make partial involvement in the governing process rewarding for Berlinguer. Since Moro's death, no Christian Democrat has managed to combine the moral authority and political clout necessary to unify the party behind policies more subtle than its traditional anti-Communism. Consequently, the Communists are unlikely to trust any Christian Democrat, as they did Moro, to follow through on an unwritten agreement.) [redacted]

Meanwhile, the failure of the security forces so far to solve the Moro case is a reminder that terrorism remains a major cause for uncertainty about the Italian situation. [redacted]

[redacted] the Red Brigades' [redacted] their continuing operations [redacted] the assassination of a communist labor leader--suggest they have not been seriously hurt by some recent police successes. Moreover, these successes stand in contrast to the general disarray of the Italian security services--one of our major reasons for believing the Red Brigades could stage another "spectacular" like the Moro affair. Their penchant for long and patient planning probably means they cannot do this frequently or at will. But given their desire to humiliate and paralyze the Italian state, the Brigades will probably be greatly tempted to try another major operation during the government crisis, particularly if it seems to be moving toward some arrangement that reinforces the "historic compromise"--the quintessential leftist sell-out from the Red Brigades' point of view. A possible constraint on the Red Brigades, however, is the likelihood that another major attack would encourage cooperation among the political parties, at least for a while. [redacted]

(At the moment, such cooperation seems a long way off, and the serious obstacles to a negotiated settlement of the crisis will make it extremely difficult for the parties to avoid an eventual decision to go to the electorate--even though the balloting does not promise to point a way out of their dilemma. And if an election were to confirm the predominance of the Christian Democrats and Communists and the weakness of the Socialists, it could easily even compound their dilemma--by reinforcing the impression that solutions to Italy's problems remain impossible without cooperation between the two major parties.) [redacted]

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